

## Message Text

CONFIDENTIAL

PAGE 01 BUDAPE 00036 071124Z

44

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FM AMEMBASSY BUDAPEST

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INFO AMEMBASSY SAIGON

C O N F I D E N T I A L BUDAPEST 0036

E.O. 11652: GDS

TAGS: PFOR, MARR, VN, VS, US, HU

SUBJECT: US-HUNGARIAN RELATIONS AND VIETNAM

1. I HAD OPPORTUNITY AT PRESIDENT LOSONCZI'S NEW YEAR'S RECEPTION JANUARY 4 TO HAVE 15-MINUTE CONVERSATION WITH HIM ABOUT US-HUNGARIAN RELATIONS AND VIETNAM.

2. LOSONCZI ASKED ME HOW I SAW OUR RELATIONS DEVELOPING IN 1974. I SAID I THOUGHT THEY WOULD CONTINUE TO MOVE FORWARD. I HAD HOPED THAT IMPORTANT FACTOR ON OUR SIDE, WHICH WAS MAN, WOULD HAVE BEEN RESOLVED FAVORABLY BY NOW. UNFORTUNATELY, THIS WAS NOT THE CASE, BUT THE PRESIDENT AND THE USG REGARDED ITS EXTENSION AS AN IMPORTANT ASPECT OF OUR POLICY TOWARD EASTERN EUROPE AND WERE CONTINUING EFFORTS TO ACHIEVE IT. I SAID IT SEEMED TO ME THAT IT WAS ONLY MATTER OF TIME WHEN MFN WOULD BE GRANTED HUNGARY ON A BASIS POLITICALLY ACCEPTABLE TO THEM. IT WAS STILL MY HOPE THAT EFFORTS WOULD BE SUCCESSFUL THIS YEAR. IF THESE EFFORTS WERE NOT SUCCESSFUL THIS YEAR, I NEVERTHELESS HOPED GOH WOULD NOT BE SO DISAPPOINTED THAT THEY WOULD SLOW DOWN OUR IMPROVING RELATIONS.

3. LOSONCZI REPLIED THAT THIS DISCRIMINATION NEEDED TO BE REMOVED BECAUSE IT WAS NOT APPROPRIATE TO THE CURRENT STATE  
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PAGE 02 BUDAPE 00036 071124Z

OF RELATIONSHIPS IN THE WORLD. ITS REMOVAL WAS NOT ESSENIAL

TO IMPROVING US-HUNGARIAN TRADE, WHICH WAS ALREADY ENLARGING. BUT ITS REMOVAL WOULD HAVE IMPORTANT POLITICAL AS WELL AS SIGNIFICANT ECONOMIC EFFECT. HE HOPED OUR EFFORTS WOULD BE CROWNED WITH SUCCESS.

4. MEANWHILE HE HOPED THAT OTHER EVENTS IN WORLD WOULD LEAD TO IMPROVING INTERNATIONAL SITUATION AND TO MAINTAINING FORWARD MOMENTUM IN IMPROVEMENT OF RELATIONS GENERALLY, REFERRED AS EXAMPLE TO ME. (HE CLEARLY HAD IN MIND THE VARIOUS NEGOTIATIONS WE ARE INVOLVED IN WITH USSR, THOUGH HE DID NOT MENTION IT). I CONCURRED WITH HIS OVERALL VIEW AND SAID I THOUGHT PROGRESS IN ME WOULD BE PARTICULARLY IMPORTANT.

5. LOSONCZI SAID THAT THE PARIS AGREEMENT IN VIETNAM HAD BEEN IMPORTATN FORWARD STEP AND THAT IT WAS VITAL FOR ALL OF US TO CONTINUE TO WORK AT ACHIEVEMENT OF PEACE BECAUSE A NEW WAR WOULD BE CATASTROPHIC TO EVERYONE. HE SAID HE KNEW WE DID NOT THINK THEY WERE IMPARTIAL IN VIETNAM, BUT THEY WERE COMMITTED TO PARIS AGREEMENTS, AND ASSESSMENT OF IMPARTIALITY WAS DIFFICULT THING. THEY FELT, FOR INSTANCE, THAT THOSE AGREEMENTS WOULD HAVE REQUIRED US TO BE MORE NEUTRAL IN THE POLITICAL SETTLEMENT THOUGH WE WERE CONTINUING TO GIVE FULL BACKING TO SAIGON.

6. I REPLIED THAT HIS MENTION OF VIETNAM RAISED MATTER WHERE THEY COULD TAKE SOME FURTHER STEPS THAT WOULD BE HELPFUL IN IMPROVING RELATIONS. WE HAD NOTICED THAT IN HIS SPEECH AT DUNAUJVAROS WHILE PRG DELEGATION WAS HERE HE HAD CRITICIZED US BY NAME SEVERAL TIMES. WHILE THESE CRITICISMS HAD BEEN DIRECTED TOWARD THE PAST, WHICH WE HAD ALSO NOTICED, TO THE BEST OF OUR KNOWLEDTE POLES HAD NOT CRITICIZED US AT ALL BY NAME IN SPEECHES DURING PRG VISIT THERE. ON OTHER HAND, WE HAD ALSO NOTICED THAT HE HAD STRONGLY STRESSED IN SAME SPEECH NECESSITY FOR A PEACEFUL, POLITICAL SOLUTION TO VIETNAMESE QUESTION. WHILE WE WOULD NO DOUBT CONTINUE TO HAVE DIFFERING VIEWS ON SUBSTANCE AND PRINCIPLES INVOLVED IN VN ISSUE, I HOPED THAT THEY WOULD BE ABLE TO TAKE OUR INTERESTS AND THE IMPROVEMENT IN OUR RELATIONS CAREFULLY INTO ACCOUNT IN WHAT THEY SAID.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BUDAPE 00036 071124Z

7. LOSONCZI SAID THAT WE HAD TO REMEMBER THAT THERE WAS A LONG HISTORY OF 20 YEARS IN WHICH RELATIONSHIPS HAD BEEN DIFFICULT. THEY COULD NOT CHANGE EVERYTHING THEY SAID IMMEDIATELY AND IT WOULD TAKE SOME TIME FOR ALL ADJUSTMENTS TO BE MADE. HE COULD TELL ME WITHOUT GOING INTO MORE DETAIL THAT PRG DELEGATION DURING ITS VISIT HERE WAS MORE RECONCILED TO A REASONABLE OUTCOME IN VIETNAM THAN HAD PREVIOUSLY BEEN THE CASE, AND THAT HUNGARY DID CONTINUE

TO WORK FOR A PEACEFUL POLITICAL SETTLEMENT IN VIETNAM.  
HE HOPED THAT IN ANALYZING WHAT THEY DID AND SAID WE WOULD  
TAKE INTO ACCOUNT THE POLITICAL SITUATION AND THE POLITICAL  
POSSIBILITIES THEY HAD. (HE WAS OT MORE PRECISE THAN THAT  
AND IT WAS NOT CLEAR FROM CONTEXT WHETHER HE WAS REFERRING  
TO SOVIET VIEWS OR TO INTERNAL FORCES).

8. HE ADDED THAT THEY  
SOUGHT TO TAKE AMERICAN POLITICAL REALITIES INTO CON-  
SIDERATION TOO; FOR INSTANCE, MUCH AS THEY WANTED CROWN OF  
ST. STEPHEN BACK HE UNDERSTOOD THAT THIS QUESTION WAS  
INVOLVED IN INTERNAL POLITICAL MATTERS IN US WHICH COM-  
PLICATED THE ISSUE FOR US. I SAID IT WAS OF COURSE  
TRUE THAT THERE WERE DOMESTIC CONSIDERATIONS AFFECTING IT,  
BUT THAT I THOUGHT THAT WHEN TIME CAME WHERE USG-HUNGARIAN  
RELATIONS WERE ENTIRELY COMFORTABLE, THE GOVERNMENT WOULD  
BE IN A POSITION TO TAKE THE DECISION IT THOUGHT WAS RIGHT.

9. COMMENT: AS CAN BE SEEN FROM THIS SUMMARY, CONTEXT OF  
LOSONCZI'S REMARKS WAS ENTIRELY FRIENDLY, AND HE SEEMED TO  
HAVE A REALISTIC ATTITUDE TOARD PROBLEMS INVOLVED, PARTICULARLY  
MFN. WE GET A HARDER RESPONSE  
ON MFN MATTERS FROM LOWER-RANKING OFFICIALS BUT THE TONE OF  
HIS REMARKS MAKES IT APPEAR THAT THEY WOULD NOT WANT TO  
USE OUR FAILURE TO ACHIEVE MFN AS MEANS TO TURNNYLOCK BACK.  
LOSONCZI'S REMARKS ON VIETNAM WERE ALSO BASICALLY CON-  
CILIATORY. HE DID NOT SEEK DIRECTLY TO DEFENT THE NUMBER  
OF COMMENS ABOUT OUR PAST POLICY HE MADE IN HIS DUNAUJVAROS  
SPEECH. HIS REPLY ALSO IMPLIED A WILLINGNESS TO  
TAKE OUR CONCERNS INTO ACCOUNT. HOW EFFECTIVE THIS WILL  
BE WE WILL HAVE TO WATCH, AS HE IS MORE A SPOKESMAN THAN  
A PRIME MOVER IN SUCH MATTERS.

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PAGE 04 BUDAPE 00036 071124Z

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